



STATE OF DELAWARE
BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
MCARDLE BUILDING
860 SILVER LAKE BLVD., SUITE 1
DOVER, DE 19904-2402

When Calling Long Distance
Toll Free Number 1-800-722-7300
E-mail: pensionoffice@delaware.gov

Telephone (302) 739-4208
FAX # (302) 739-6129
www.delawarepensions.com

BOARD OF PENSION TRUSTEES
MEETING MINUTES OF FEBRUARY 25, 2022

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:03 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Cerron Cade
Rick Geisenberger
Art Agra
Nancy Shevock
Harold Stafford

Trustees Absent

Drew Dinger, Windmark
Garry Musto, Windmark
Rob Gooderham, Windmark

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Amy Cole, Pension Office
Ryan Connell, Deputy Attorney General
Kristal Diaz, Pension Office
Robin Hartnett-Sterner, Pension Office
Josh Hitchens, Pension Office
Mariah Krass, Pension Office
Khairat Makanjuola, Pension Office
Jamie Mayan, Pension Office
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Dale Stratton, Pension Office

John Kevin Balaod, journalist (*Intelligence*)

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually.

2. APPROVAL OF THE MINUTES

S. Grant requested a review of the minutes from January 28, 2022.

MOTION made by A. Agra and seconded by H. Stafford to approve the Public Minutes of the January 28, 2022, Board of Pension Trustees' meeting with changes as noted.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the January 28, 2022 meeting during Executive Session.

MOTION made by A. Agra and seconded by N. Shevock to approve the Executive Minutes of the January 28, 2022, Board of Pension Trustees' meeting with changes as noted.

MOTION ADOPTED UNANIMOUSLY

3. AUDIT COMMITTEE REPORT

The Audit Committee met on February 4, 2022. BDO shared that the GASB 68 and 75 employer audits are progressing as planned. Internal audit reviewed all outstanding internal audit findings. Aside from the open items reported in the November Pension Benefit Payments audit report, all other internal audit findings were either cleared or had meaningful progress.

The next meeting is scheduled for May 6, 2022.

4. GOVERNANCE COMMITTEE REPORT

The next meeting is scheduled for May 11, 2022.

5. PENSION ADVISORY COUNCIL REPORT

The next meeting is scheduled for April 12, 2022.

6. PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

Ms. Adams introduced Robin Hartnett-Sterner, Office of Pensions Information Systems Manager, and Mariah Krass, Office of Pensions HRIS Administrator. R. Hartnett-Sterner coordinated with Mr. Adote to schedule the presentation. Ms. Adams then shared the history of the five previous pension administrators and provided an overview of the Wm. "Ray J." Johnson Award. This annual award, first presented in 1997 and previously known as the Pension Administrator Award, is presented to a peer nominee based on work ethic, positive attitude, and achieving success on the job. M. Krass was introduced as the 2022 recipient of the Award.

S. Grant thanked Ms. Adams for sharing and congratulated M. Krass on her achievement.

POSITIONS

Ms. Adams reviewed the Current Vacant Positions chart. It was noted that the Senior Human Resources Technician position has been reclassified to Human Resources Specialist I and is on hold. The Human Resources Specialist V position is also on hold; the Request to Fill for the Internal Auditor position has been sent to Human Resources. The Request to Hire has been submitted to DHR for the Human Resources Specialist V Limited Term position.

Lastly, the Deputy Attorney General position has been posted. R. Connell stated there hasn't been any recent activity or new applicants for this position.

OFFICE ACTIVITIES:

The March Activities Schedule includes upcoming training sessions for Monthly Payroll and HR, the DSEA Pre-Retirement Saturday Workshop, Pen App SEPP, as well as the Pre-Retirement Presentation.

REPORTING SCHEDULE

Ms. Adams reviewed the Reporting Schedule.

LEGISLATION:

HOUSE BILL 248: This Act requires the State to reimburse healthcare expenses incurred by eligible pensioner spouses on Medicare who are required to enroll in their former employer's healthcare coverage and their former employer's coverage pays less than the State's coverage would pay. This bill remains in the House Administration Committee awaiting action.

HOUSE BILL 295: This Act contains technical cleanup of definitions as well as updating the Delaware Code and has no impact on our operations. This was signed on February 16, 2022.

7. DEPUTY ATTORNEY GENERAL REPORT

R. Connell shared that C. Starr recently emailed the Code of Conduct Policy (from the Board Handbook) to Board members and asked them to send their annual Certification of Code of Conduct to her at their earliest convenience.

8. INVESTMENT COMMITTEE REPORT

S. Grant welcomed Windmark Investment Partners, Inc. staff members R. Gooderham, G. Musto, and D. Dinger to the meeting. R. Gooderham stated things have developed along lines they had hoped would not come to fruition, and they are taking steps to protect the value of the Pension Fund. January was a "down" month, but relatively speaking, the fund is up 4.3%. The Investment Committee added a meeting earlier this month and at that meeting agreed to move \$200 million out of stocks and into floating-rate bank loans.

Mr. Gooderham reported that global equity markets experienced a difficult start to 2022. Inflation, rising interest rates, concerns of tightening monetary policy, and the escalating potential for a Russia-Ukraine conflict weighed on markets over the month of January. The broad US equity market, as measured by the Russell 3000 index, fell 5.9%. Within US equities, returns for growth stocks, particularly those with high price-earnings ratios, were especially weak given expectations

of tighter monetary policy and rising interest rates. International equities also declined as the MSCI EAFE index was down 4.8% and the MSCI Emerging Markets index declined 1.9%. Fixed income market performance was negative as yields moved higher (prices lower) and credit spreads widened. For the month, the broad Bloomberg Universal index declined 2.2% and the Bloomberg High Yield index fell 2.7%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$15,094.2 million on January 31, 2022, representing a decrease of \$527.4 million during the month. Estimated returns through January 31, 2022 are as follows:

	Month Ended 01-31-22	Fiscal YTD 01-31-2022	1 Year Ended 01-31-22
Total Fund	-3.1	4.3	19.9
DPERS Policy Benchmark**	-4.3	-0.4	8.5
S&P 500 Index	-5.2	5.9	23.3

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills
 12/01/20 – 02/28/21: 43% Russell 3000 Index, 23% MSCI ACWI ex US IMI (Net), 31.0% BB Universal Bond Index, 3% T-bills

Mr. Gooderham reported that the Committee had met twice since the January Board meeting, on February 1st and February 14th. At the February 1st meeting, he advised that the Committee review, and discussed an asset allocation recommendation and approved under its authority the following allocation recommendations to reduce Fund risk, with Mr. Stalnecker abstaining:

- Redeem \$200 million from the Blackrock S&P 500 Index Fund with proceeds allocated to the Cash account.
- Invest \$200 million in the T. Rowe Price Floating Rate account funded from the Cash account.

Mr. Gooderham reported that, at the February 14th meeting, the Committee reviewed and discussed:

- A presentation by Northern Trust on Cybersecurity
- A recommendation for Accel India VII
- A presentation on Crossover Equity Strategies
- The 4th Quarter 2021 Investment Review

He also reported that the Committee approved under its authority:

- A commitment of up to \$25 million to Accel India VII L.P., subject to legal review of the documents.

The next meeting of the Investment Committee is March 1, 2022; the time has been changed from 8:30 a.m. to 2:00 p.m.

MOTION made at 9:22 a.m. by N. Shevock and seconded by A. Agra to enter into Executive Session, to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets, and confidential financial information.

MOTION made at 11:01 a.m. by N. Shevock and seconded by A. Agra to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. PENDING ITEMS (OLD BUSINESS)

There was no old business.

10. NEW BUSINESS

There was nothing to report.

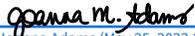
11. ADJOURNMENT

At 11:02 a.m., there being no further business:

MOTION was made by N. Shevock and seconded by R. Geisenberger to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,


Joanna Adams (May 25, 2022 15:33 EDT)

Joanna M. Adams
Pension Administrator


Suzanne B. Grant (May 25, 2022 19:07 EDT)

Suzanne B. Grant, Chair
Board of Pension Trustees